

PLANT ACCOUNTS, DEPRECIATION AND AMORTIZATION
WITH REBUILD

YEAR	FIXED ASSET BAL (1)	ACC. DEPRE	NET BALANCE	DEPRECIATION EXPENSE	FRANCHISE	AMORT. OF FRANCHISE	NET FRANCHISE	GOODWILL	AMORT. OF GOODWILL	NET GOODWILL
1994	\$120,000	\$12,000	\$108,000	\$12,000	\$100,000	\$2,500	\$97,500	\$150,000	\$6,000	\$144,000
1995	154,000	24,000	130,000	\$12,000		2,500	95,000		6,000	138,000
1996	188,000	36,000	152,000	\$15,400		2,500	92,500		6,000	132,000
1997	222,000	51,400	170,600	\$18,800		2,500	90,000		6,000	128,000
1998	256,000	70,200	185,800	\$22,200		2,500	87,500		6,000	120,000
1999	290,000	92,400	197,600	\$25,600		2,500	85,000		6,000	114,000
2000	300,000	118,000	182,000	\$29,000		2,500	82,500		6,000	108,000
2001	310,000	147,000	163,000	\$30,000		2,500	80,000		6,000	102,000
2002	320,000	177,000	143,000	\$31,000		2,500	77,500		6,000	96,000
2003	330,000	208,000	122,000	\$32,000		2,500	75,000		6,000	90,000
2004	340,000	240,000	100,000	\$33,000		2,500	72,500		6,000	84,000
2005	350,000	273,000	77,000	\$34,000		2,500	70,000		6,000	78,000
2006	360,000	307,000	53,000	\$35,000		2,500	67,500		6,000	72,000
2007	370,000	342,000	28,000	\$36,000		2,500	65,000		6,000	66,000
2008	380,000	378,000	2,000	\$37,000		2,500	62,500		6,000	60,000
2009	390,000	415,000	(25,000)	\$38,000		2,500	60,000		6,000	54,000
2010	400,000	453,000	(53,000)	\$39,000		2,500	57,500		6,000	48,000

NOTES:

- (1) Fixed assets grow by \$10M year in additions plus \$24M for each year 1995-1998.

CAPITALIZATION AND RETURN WITH REBUILD

YEAR	NET PLANT (1)	NET FRANCHISE (2)	NET GOODWILL (3)	INTEREST EXPENSE (4)
1994	\$108,000	\$97,500	\$144,000	\$13,980
1995	130,000	95,000	138,000	14,520
1996	152,000	92,500	132,000	15,060
1997	170,600	90,000	126,000	15,464
1998	185,800	87,500	120,000	15,732
1999	197,600	85,000	114,000	15,864
2000	182,000	82,500	108,000	14,900
2001	163,000	80,000	102,000	13,800
2002	143,000	77,500	96,000	12,660
2003	122,000	75,000	90,000	11,480
2004	100,000	72,500	84,000	10,260
2005	77,000	70,000	78,000	9,000
2006	53,000	67,500	72,000	7,700
2007	28,000	65,000	66,000	6,360
2008	2,000	62,500	60,000	4,980
2009	(25,000)	60,000	54,000	3,560
2010	(53,000)	57,500	48,000	2,100

EXHIBIT B

FRANCHISE RENEWAL WITH REBUILD REQUIREMENTS

The attached example demonstrates that in the situation of a recently acquired system, with modest debt associated with goodwill and franchise obligations, the ability to generate reasonable returns is deferred until the time that debt burdens are reduced and if fortunate, subscribership increases.

If additional obligations are levied on the operator such as through a renewed franchise agreement, the ability to earn a return is delayed even further. Modest rate increases may be able to mitigate some of this delay; however, as this example shows, even with increases of 6% per year, the returns are minimal.

This example illustrates using typical, if not conservative, estimates of costs and revenues, the likely financial results for a recently acquired system of 250 thousand subscribers over a fifteen year operating period. In the base case, the rates escalate at 6% per year. Operating expenses increase with the assumed rate of inflation - 4%. Programming costs escalate each year at 5%. Other expenses include depreciation, and amortization of goodwill and franchise costs paid at acquisition and funded with a 50/50 ratio of debt to equity. Minimal periodic additions of \$10 million a year are included. As the base case illustrates, without increases in subscribership, returns are inadequate.

Under the next example, the franchise authority requires the operator to invest in system upgrades totalling \$24 million a year for the five years 1995 to 1999. All other assumptions are consistent with the base case. It is evident that the additional burden placed on the operator is dramatic. The return is minimal. This will have the quite obvious effect of limiting the operators ability to enhance services and compete for the customer's entertainment dollar.

9/8/93

FRANCHISE RENEWAL WITH AND WITHOUT REBUILD REQUIREMENTS

ASSUMPTIONS:

Renew franchise in 1995; new period extends to 2010
 250,000 subscribers
 Annual additions excl. rebuild of \$10M a year
 Revenues include all services; regulated and unregulated.
 Initial investment in system of \$370 million.

50/50 capitalization structure
 Debt cost of 8% per year
 Current penetration of 50% escalating 1/2% per year.

BASE CASE

FRANCHISE WITHOUT REBUILD REQUIREMENT

(000'S)								
YEAR	REVENUES	COST OF SALES	OPERATING EXPENSES	OPERATING INCOME	NON-OPER. EXPENSES	TAXES	NET INCOME	RETURN ON INVESTMENT
	(1)				(2)	(3)		(4)
1994	\$80,000	\$17,600	\$22,400	\$40,000	\$34,480	\$1,932	\$3,588	
1995	85,224	18,572	23,296	43,356	34,060	3,253	6,042	
1996	90,789	19,599	24,228	46,963	34,640	4,313	8,010	
1997	96,718	20,681	25,197	50,839	35,180	5,481	10,179	
1998	103,033	21,824	26,205	55,005	35,680	6,764	12,561	
1999	109,761	23,030	27,253	59,479	36,140	8,169	15,170	
2000	116,929	24,302	28,343	64,284	36,560	9,703	18,020	
2001	124,564	25,645	29,477	69,443	36,940	11,376	21,127	
2002	132,698	27,062	30,656	74,981	37,280	13,195	24,505	
2003	141,364	28,557	31,882	80,924	37,580	15,171	28,174	
2004	150,595	30,135	33,157	87,302	37,840	17,312	32,151	
2005	160,428	31,800	34,484	94,145	38,060	19,630	36,455	
2006	170,904	33,557	35,863	101,485	38,240	22,136	41,109	
2007	182,064	35,411	37,298	109,356	38,380	24,842	46,135	
2008	193,953	37,367	38,790	117,797	38,480	27,761	51,556	
2009	206,618	39,431	40,341	126,846	38,540	30,907	57,399	
2010	220,111	41,610	41,955	136,546	38,560	34,295	63,691	8.64%

NOTES:

- (1) Assumes that revenues increase at 6% per year overall due to annual rate increases.
- (2) Depreciation and amortization plus interest expense
- (3) Operating income less depreciation expense and interest expense times 34%
- (4) Based on the initial equity investment of \$185M (50% of \$370M)

BASE CASE		PLANT ACCOUNTS, DEPRECIATION AND AMORTIZATION								
		WITHOUT REBUILD								
YEAR	FIXED ASSET BAL.(1)	ACC. DEPRE	NET BALANCE	DEPRECIATION EXPENSE(2)	FRANCHISE	AMORT. OF FRANCHISE(3)	NET FRANCHISE	GOODWILL	AMORT. OF GOODWILL(4)	NET GOODWILL
1994	\$120,000	\$12,000	\$108,000	\$12,000	\$100,000	\$2,500	\$97,500	\$150,000	\$6,000	\$144,000
1995	130,000	24,000	106,000	\$12,000		\$2,500	95,000		6,000	138,000
1996	140,000	36,000	104,000	\$13,000		\$2,500	92,500		6,000	132,000
1997	150,000	48,000	101,000	\$14,000		\$2,500	90,000		6,000	126,000
1998	160,000	63,000	97,000	\$15,000		\$2,500	87,500		6,000	120,000
1999	170,000	78,000	92,000	\$16,000		\$2,500	85,000		6,000	114,000
2000	180,000	94,000	86,000	\$17,000		\$2,500	82,500		6,000	108,000
2001	190,000	111,000	79,000	\$18,000		\$2,500	80,000		6,000	102,000
2002	200,000	129,000	71,000	\$19,000		\$2,500	77,500		6,000	96,000
2003	210,000	148,000	62,000	\$20,000		\$2,500	75,000		6,000	90,000
2004	220,000	168,000	52,000	\$21,000		\$2,500	72,500		6,000	84,000
2005	230,000	189,000	41,000	\$22,000		\$2,500	70,000		6,000	78,000
2006	240,000	211,000	29,000	\$23,000		\$2,500	67,500		6,000	72,000
2007	250,000	234,000	16,000	\$24,000		\$2,500	65,000		6,000	66,000
2008	260,000	258,000	2,000	\$25,000		\$2,500	62,500		6,000	60,000
2009	270,000	283,000	(13,000)	\$26,000		\$2,500	60,000		6,000	54,000
2010	280,000	309,000	(29,000)	\$27,000		\$2,500	57,500		6,000	48,000

NOTES:

- (1) \$10M per year in additions
- (2) Depreciation rate of 10%
- (3) Amortization of franchise over 40 years
- (4) Amortization of goodwill over 25 years

BASE CASE		INTEREST EXPENSE		
YEAR	NET PLANT	NET FRANCHISE	NET GOODWILL	INTEREST EXPENSE
	(1)	(2)	(3)	(4)
1994	\$108,000	\$97,500	\$144,000	\$13,980
1995	106,000	95,000	138,000	13,560
1996	104,000	92,500	132,000	13,140
1997	101,000	90,000	126,000	12,680
1998	97,000	87,500	120,000	12,180
1999	92,000	85,000	114,000	11,640
2000	86,000	82,500	108,000	11,060
2001	79,000	80,000	102,000	10,440
2002	71,000	77,500	96,000	9,780
2003	62,000	75,000	90,000	9,080
2004	52,000	72,500	84,000	8,340
2005	41,000	70,000	78,000	7,560
2006	29,000	67,500	72,000	6,740
2007	16,000	65,000	66,000	5,880
2008	2,000	62,500	60,000	4,980
2009	(13,000)	60,000	54,000	4,040
2010	(29,000)	57,500	48,000	3,060

NOTES:

(4) Columns (1)+(2)+(3) times 50% times 8% debt cost.

FRANCHISE WITH REBUILD REQUIREMENT

YEAR	REVENUES	COST OF SALES	OPERATING EXPENSES	OPERATING INCOME	NON-OPER. EXPENSES	TAXES	NET INCOME	RETURN ON INVESTMENT
1994	\$80,000	\$17,600	\$22,400	\$40,000	\$34,480	\$1,932	\$3,588	
1995	85,224	18,572	23,296	43,356	35,020	2,917	5,418	
1996	90,789	19,599	24,228	46,963	38,960	2,801	5,202	
1997	96,718	20,681	25,197	50,839	42,764	2,826	5,249	
1998	103,033	21,824	26,205	55,005	46,432	3,000	5,572	
1999	109,761	23,030	27,253	59,479	49,964	3,330	6,184	
2000	116,929	24,302	28,343	64,284	52,400	4,159	7,724	
2001	124,564	25,645	29,477	69,443	52,300	6,000	11,143	
2002	132,698	27,062	30,656	74,981	52,160	7,987	14,833	
2003	141,364	28,557	31,882	80,924	51,980	10,131	18,814	
2004	150,595	30,135	33,157	87,302	51,760	12,440	23,103	
2005	160,428	31,800	34,484	94,145	51,500	14,926	27,719	
2006	170,904	33,557	35,863	101,485	51,200	17,600	32,685	
2007	182,064	35,411	37,298	109,356	50,860	20,474	38,023	
2008	193,953	37,367	38,790	117,797	50,480	23,561	43,756	
2009	206,618	39,431	40,341	126,846	50,060	26,875	49,911	
2010	220,111	41,610	41,955	136,546	49,600	30,431	56,515	5.43%

NOTES:

Franchise requires rebuild expenditures of \$24M per year for 5 years.

PLANT ACCOUNTS, DEPRECIATION AND AMORTIZATION
WITH REBUILD

YEAR	FIXED ASSET BAL.(1)	ACC. DEPRE	NET BALANCE	DEPRECIATION EXPENSE	FRANCHISE	AMORT. OF FRANCHISE	NET FRANCHISE	GOODWILL	AMORT. OF GOODWILL	NET GOODWILL
1994	\$120,000	\$12,000	\$108,000	\$12,000	\$100,000	\$2,500	\$97,500	\$150,000	\$6,000	\$144,000
1995	154,000	24,000	130,000	\$12,000		2,500	95,000		6,000	138,000
1996	188,000	36,000	152,000	\$15,400		2,500	92,500		6,000	132,000
1997	222,000	51,400	170,600	\$18,800		2,500	90,000		6,000	126,000
1998	256,000	70,200	185,800	\$22,200		2,500	87,500		6,000	120,000
1999	290,000	92,400	197,600	\$25,600		2,500	85,000		6,000	114,000
2000	300,000	118,000	182,000	\$29,000		2,500	82,500		6,000	108,000
2001	310,000	147,000	163,000	\$30,000		2,500	80,000		6,000	102,000
2002	320,000	177,000	143,000	\$31,000		2,500	77,500		6,000	96,000
2003	330,000	208,000	122,000	\$32,000		2,500	75,000		6,000	90,000
2004	340,000	240,000	100,000	\$33,000		2,500	72,500		6,000	84,000
2005	350,000	273,000	77,000	\$34,000		2,500	70,000		6,000	78,000
2006	360,000	307,000	53,000	\$35,000		2,500	67,500		6,000	72,000
2007	370,000	342,000	28,000	\$36,000		2,500	65,000		6,000	66,000
2008	380,000	378,000	2,000	\$37,000		2,500	62,500		6,000	60,000
2009	390,000	415,000	(25,000)	\$38,000		2,500	60,000		6,000	54,000
2010	400,000	453,000	(53,000)	\$39,000		2,500	57,500		6,000	48,000

NOTES:

- (1) Fixed assets grow by \$10M year in additions plus \$24M for each year 1995-1998.

CAPITALIZATION AND RETURN WITH REBUILD

YEAR	NET PLANT	NET FRANCHISE	NET GOODWILL	INTEREST EXPENSE
	(1)	(2)	(3)	(4)
1994	\$108,000	\$97,500	\$144,000	\$13,980
1995	130,000	95,000	138,000	14,520
1996	152,000	92,500	132,000	15,060
1997	170,600	90,000	126,000	15,464
1998	185,800	87,500	120,000	15,732
1999	197,600	85,000	114,000	15,864
2000	182,000	82,500	108,000	14,900
2001	163,000	80,000	102,000	13,800
2002	143,000	77,500	96,000	12,660
2003	122,000	75,000	90,000	11,480
2004	100,000	72,500	84,000	10,260
2005	77,000	70,000	78,000	9,000
2006	53,000	67,500	72,000	7,700
2007	28,000	65,000	66,000	6,360
2008	2,000	62,500	60,000	4,980
2009	(25,000)	60,000	54,000	3,560
2010	(53,000)	57,500	48,000	2,100

EXHIBIT C

COMPANY X
and Subsidiaries
SELECTED FINANCIAL DATA
FOR THE TWELVE MONTHS ENDING 6-30-93
(Thousands of Dollars)
(Unaudited)

CONDENSED CONSOLIDATED INCOME STATEMENT

	12 MOS. ENDED JUNE 30, 1993
Revenues	
Basic	\$150,000
Other	70,000
Total	<u>220,000</u>
Cost of Services	50,000
System Operating Expenses	<u>94,000</u>
Operating Margin	76,000
Depreciation/Amortization	77,000
Interest Expense	<u>61,000</u>
Income (Loss) Before Income Taxes	(62,000)
Income Taxes (Benefit)	<u>(24,800)</u>
Net Income (Loss)	<u><u>(\$37,200)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	12 MOS. ENDED JUNE 30, 1993
Cash Flows From Operating Activities:	
Net Income (Loss)	<u><u>(\$37,200)</u></u>
Adjustments to reconcile net income to net cash provided by operations:	
Depreciation/Amortization	77,000
Changes in other assets and liabilities	<u>(1,000)</u>
Total Adjustments	76,000
Net Cash Provided by/(used in) operating activities	<u>38,800</u>
Cash flows from financing activities:	
Proceeds from additional paid-in capital	10,000
Net cash provided by (used in) financing activities	<u>10,000</u>
Cash flows from investing activities:	
Purchases of assets/system upgrades	<u>(48,800)</u>
Net cash provided by (used in) investing activities	<u>(48,800)</u>
Net increase/(decrease) in cash and cash equivalents	<u><u>\$0</u></u>

EXHIBIT D

RIFKIN ACQUISITION PARTNERS, L.P.
Selected Data (Unaudited)

	ACTUAL					PROJECTED (PRE REG)					
	5-13-89	12-31-89	12-31-90	12-31-91	12-31-92	12-31-93	12-31-94	12-31-95	12-31-96	12-31-97	12-31-98
Homes Passed	135,101	139,648	146,364	149,421	155,013	159,842	163,467	167,092	170,717	174,342	177,967
Subscribers	85,277	88,194	96,349	102,532	108,991	112,160	115,934	119,239	123,197	126,472	130,366
Saturation	63%	63%	66%	69%	70%	70%	71%	71%	72%	72%	73%

PERIOD ENDING
(000's Excluded)

	ACTUAL				PROJECTED (PRE REG)					
	1989 7½ Mos.	1990 Year	1991 Year	1992 Year	1993 Year	1994 Year	1995 Year	1996 Year	1997 Year	1998 Year
Gross Revenues	\$16,641	\$28,993	\$32,879	\$36,935	\$41,090	\$45,370	\$49,343	\$53,617	\$58,185	\$63,016
Operating Cash Flow	7,688	13,940	15,843	17,910	20,065	22,316	24,253	26,339	28,566	30,920
OCF %	46.2%	48.1%	48.2%	48.5%	48.8%	49.2%	49.2%	49.1%	49.1%	49.1%
Interest Expense	10,924	17,871	18,757	19,222	17,827	16,788	17,118	16,960	16,313	15,363
Net Cash	(3,236)	(3,931)	(2,914)	(1,312)	2,238	5,528	7,135	9,379	12,253	15,557
Depr/Amort	10,674	16,685	14,735	14,313	14,526	15,201	15,930	16,439	16,756	17,077
Net Loss	(14,045)	(21,212)	(17,950)	(16,923)	(12,288)	(9,673)	(8,795)	(7,060)	(4,503)	(1,520)

RIFKIN ACQUISITION PARTNERS, L.P. (GEORGIA)

Selected Data (Unaudited)

	ACTUAL					PROJECTED (PRE REG)					
	5-13-89	12-31-89	12-31-90	12-31-91	12-31-92	12-31-93	12-31-94	12-31-95	12-31-96	12-31-97	12-31-98
Homes Passed	44,223	46,579	49,975	51,174	54,190	56,790	59,390	61,990	64,590	67,190	69,790
Subscribers	24,240	25,513	28,943	32,157	34,771	36,995	39,269	40,977	43,331	45,065	47,497
Saturation	55%	55%	58%	63%	64%	65%	66%	66%	67%	67%	68%

PERIOD ENDING

(000's Excluded)

	ACTUAL				PROJECTED (PRE REG)					
	1989 7½ Mos.	1990 Year	1991 Year	1992 Year	1993 Year	1994 Year	1995 Year	1996 Year	1997 Year	1998 Year
Gross Revenues	\$5,285	\$9,460	\$11,084	\$12,971	\$14,620	\$16,691	\$18,491	\$20,439	\$22,531	\$24,780
Operating Cash Flow	1,825	3,595	4,657	5,621	6,579	7,678	8,506	9,402	10,364	11,399
OCF %	34.5%	38.0%	42.0%	43.3%	45.0%	46.0%	46.0%	46.0%	46.0%	46.0%
Allocated Interest Expense	3,605	5,897	6,190	6,343	5,883	5,540	5,649	5,596	5,383	5,070
Net Cash	(1,780)	(2,302)	(1,533)	(722)	696	2,138	2,857	3,806	4,981	6,329
Depr/Amort	2,880	3,852	3,944	4,152	4,257	4,426	4,591	4,767	4,950	5,137
Net (Loss) Profit	(4,705)	(6,460)	(5,500)	(5,044)	(3,561)	(2,288)	(1,734)	(961)	31	1,192